

South Carolina Electric & Gas Company
Non-GAAP (Regulatory Basis) Pro Forma Condensed Consolidated Balance Sheet (includes SCFC Only)
As of September 30, 2006 (unaudited)
(Thousands of Dollars)

Exhibit C

	Actual	Adjustments	As Adjusted
Assets:			
Utility Plant:			
Electric	\$ 6,642,643		\$ 6,642,643
Gas	552,985		552,985
Other	228,874		228,874
Total	7,424,502		7,424,502
Less Accumulated Deprec. and Amortization	2,298,162		2,298,162
Total	5,126,340		5,126,340
Construction Work in Progress	233,082		233,082
Nuclear Fuel, Net of Accumulated Amortization	40,558		40,558
Utility Plant, Net	5,399,980		5,399,980
 Other Property and Investments:			
Nontility Property, Net of Accum Deprec	30,544		30,544
Assets held in trust, net - nuclear decommissioning	54,937		54,937
Other Investments	25,788		25,788
Total Other Property & Investments	111,269		111,269
 Current Assets:			
Cash and Temporary Cash Investments	8,349	\$ 399,350 (a)	
		(118,600) (b)	
		249,600 (c)	
		(107,112) (d)	431,587
Receivable - Customer and Other	317,277		317,277
Receivable - affiliated companies	24,327		24,327
Inventories (At Average Cost):			
Fuel	51,675		51,675
Materials and Supplies	84,045		84,045
Emission Allowances	23,527		23,527
Prepayments and Other	15,912		15,912
Deferred Income Taxes	18,933		18,933
Total Current Assets	544,045	423,238	967,283
 Deferred Debits:			
Pension Asset, net	313,315		313,315
Due from affiliates - postretirement benefits	25,306		25,306
Emission Allowances	26,702		26,702
Regulatory Assets	539,077		539,077
Other	121,510	650 (a)	
		400 (c)	122,560
Total Deferred Debits	1,025,910	1,050	1,026,960
 Total Assets	\$ 7,081,204	\$ 424,288	\$ 7,505,492
 Capitalization and Liabilities:			
Capitalization:			
Common Stock (\$4.50 Par Value)	\$ 181,332		\$ 181,332
Prem on Common Stock and Other Paid in Capital	1,166,526		1,166,526
Capital Stock Expense (Debit)	(5,434)		(5,434)
Retained Earnings	1,096,839		1,096,839
Total Common Equity	2,439,263		2,439,263
Preferred Stock (Not Subject to Purchase or Sinking Funds)	106,260		106,260
Total Stockholders' Investment	2,545,523		2,545,523
Preferred Stock (Subject to Purchase or Sinking Funds)	7,718		7,718
Long-Term Debt, Net	1,856,476	\$ 400,000 (a)	
		250,000 (c)	2,506,476
Total Capitalization	4,409,717	650,000	5,059,717
 Minority Interest	919		919
 Current Liabilities:			
Short-Term Borrowings	225,712	(118,600) (b)	
		(107,112) (d)	-
Current Portion of Long-Term Debt	10,269		10,269
Current Portion of Preferred Stock	560		560
Accounts Payable	71,582		71,582
Accounts Payable - Affiliated Companies	175,421		175,421
Customer Deposits	37,810		37,810
Taxes Accrued	130,665		130,665
Interest Accrued	28,195		28,195
Dividends Declared	39,995		39,995
Other	35,470		35,470
Total Current Liabilities	755,679	(225,712)	529,967
 Deferred Credits			
Deferred Income Taxes	743,516		743,516
Deferred Investment Tax Credits	114,749		114,749
Asset Retirement Obligations	307,791		307,791
Due to affiliates - pension and post retirement benefits	10,961		10,961
Post Retirement Benefit	154,800		154,800
Regulatory Liabilities	510,578		510,578
Other	72,494		72,494
Total Deferred Credits	1,914,889		1,914,889
 Total Capitalization and Liabilities	\$ 7,081,204	\$ 424,288	\$ 7,505,492

South Carolina Electric & Gas Company
Non-GAAP (Regulatory Basis) Pro Forma Condensed Consolidated Statement of Income
(includes SCFC only)
For the Twelve Months Ended September 30, 2006 (unaudited)
(Thousands of Dollars)

	Actual	Adjustments	As Adjusted
Operating Revenues			
Electric	\$ 1,898,468		\$ 1,898,468
Gas	545,566		545,566
Total Operating Revenues	<u>2,444,034</u>		<u>2,444,034</u>
Operating Expenses			
Fuel Used in Electric Generation	490,190		490,190
Purchased Power	189,153		189,153
Gas Purchased for Resale	443,586		443,586
Other Operation	346,191		346,191
Maintenance	95,354		95,354
Depreciation and Amortization	281,549		281,549
Other Taxes	126,676		126,676
Total Operating Expenses	<u>1,972,699</u>		<u>1,972,699</u>
Operating Income	<u>471,335</u>		<u>471,335</u>
Other Income (Expense)			
Other Income	104,763		104,763
Other Expenses	(89,406)		(89,406)
Interest Charges, net of allowance for borrowed funds used during construction	(131,897)	(16,638) (e) (130) (f) (8,652) (g) (80) (h)	(157,397)
Gain on Sale of Assets	1,254		1,254
Total Other Expense	<u>(115,286)</u>	<u>(25,500)</u>	<u>(140,786)</u>
Income Before Income Taxes, Losses from Equity Method Investments, Cumulative Effect of Accounting Change and Preferred Stock Dividends	356,049	(25,500)	330,549
Income Tax Expense (Benefit)	83,924	(6,364) (e) (50) (f) (3,309) (g) (31) (h)	74,170
Income Before Losses from Equity Method Investments, Cumulative Effect of Accounting Change and Preferred Stock Dividends	272,125	(15,746)	256,379
Losses from Equity Method Investments	(21,181)	-	(21,181)
Cumulative Effect of Accounting Change	3,792	-	3,792
Net Income	254,736	(15,746)	238,990
Preferred Stock Cash Dividends	7,282	-	7,282
Earnings Available for Common Stockholder	<u>\$ 247,454</u>	<u>\$ (15,746)</u>	<u>\$ 231,708</u>

South Carolina Electric & Gas Company
Non-GAAP (Regulatory Basis) Pro Forma Condensed Statement of Cash Flows
(includes SCFC Only)
For the Nine Months Ended September 30, 2006 (unaudited)
(Thousands of Dollars)

	<u>2006</u>
Cash Flows From Operating Activities:	
Net income	\$ 194,617
Adjustments to reconcile net income to net cash provided by (used for) operations	
Cumulative effect of accounting change	(3,792)
Losses from equity method investment	16,370
Depreciation and amortization	208,415
Amortization of Nuclear Fuel	14,216
Allowance for Funds Used During Construction	(181)
Carrying cost recovery	(4,812)
Cash provided (used) by changes in certain assets and liabilities:	
Receivables	47,581
Inventories	(46,806)
Prepayments	(4,186)
Pension asset	(9,613)
Other regulatory assets	(14,936)
Deferred income taxes, net	(3,149)
Regulatory liabilities	22,001
Postretirement benefits	6,619
Accounts payable	(67,287)
Taxes accrued	(5,724)
Interest accrued	(5,019)
Changes in fuel adjustment clauses	37,911
Changes in other assets	1,029
Changes in other liabilities	5,689
Net Cash Provided From Operating Activities	<u>388,943</u>
Cash Flows From Investing Activities:	
Utility property additions and construction expenditures	(243,591)
Investments	(16,780)
Net Cash Used For Investing Activities	<u>(260,371)</u>
Cash Flows From Financing Activities:	
Proceeds from issuance of debt	132,278
Repayment of debt	(143,000)
Dividends on equity securities	(118,770)
Contribution from parent	2,803
Short-term borrowings - affiliate, net	75,000
Short term borrowings, net	(77,406)
Net Cash Provided By (Used For) Financing Activities	<u>(129,095)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(523)
Cash and Cash Equivalents, January 1	8,872
Cash and Cash Equivalents, September 30	<u>\$ 8,349</u>
Supplemental Cash Flow Information:	
Cash paid for - Interest (net of capitalized Interest of \$5)	\$ 89,965
- Income taxes	61,091
Noncash Investing and Financing Activities:	
Accrued construction expenditures	13,283

South Carolina Electric & Gas Company
Non-GAAP (Regulatory Basis) Pro Forma Condensed Consolidated Statement of Capitalization
(includes SCFC only)
September 30, 2006 (unaudited)
(Thousands of Dollars)

	<u>Actual</u>	<u>%</u>	<u>Adjustments</u>	<u>As Adjusted</u>	<u>%</u>
Short-term debt	\$ 225,712		\$ (118,600) (b) (107,112) (d)	\$ -	
Long-term debt, net	1,856,476		400,000 (a) 250,000 (c)	2,506,476	
Current portion of long-term debt	<u>10,269</u>			<u>10,269</u>	
Total debt	2,092,457	45.0%	424,288	2,516,745	49.6%
Preferred Stock, net	114,538	2.5%		114,538	2.3%
Common Stock Equity	<u>2,439,263</u>	<u>52.5%</u>		<u>2,439,263</u>	<u>48.1%</u>
	<u>\$ 4,646,258</u>	<u>100.0%</u>	<u>\$ 424,288</u>	<u>\$ 5,070,546</u>	<u>100.0%</u>

South Carolina Electric & Gas Company
Notes to Non-GAAP (Regulatory Basis) Pro Forma Condensed Consolidated Financial Statements
(includes SCFC only)
September 30, 2006 (unaudited)

Basis: These pro forma financial statements include the accounts of SCE&G and SCFC only.

They exclude the accounts of South Carolina Generating Company, Inc. which, under the provisions of FIN 46(R), would be consolidated with SCE&G in order for the financial statements to be in conformity with GAAP.

- (a) Represents the receipt of \$400,000,000 under the proposed SCE&G Credit Facility net of debt issuance costs of \$650,000.
- (b) Represents the repayment of SCE&G short-term debt (commercial paper).
- (c) Represents the receipt of \$250,000,000 under the proposed South Carolina Fuel Company, Inc. (SCFC) Credit Facility, net of debt issuance costs of \$400,000
- (d) Represents the repayment of SCFC short-term debt (commercial paper).
- (e) Represents the interest expense and the related income tax effects resulting from the issuance of additional long-term debt at current 3 month LIBOR plus 37 basis points outstanding for twelve months. Calculations are as follows:

Proposed SCE&G credit facility	\$ 400,000,000
Interest rate at current 3 month LIBOR plus 37 basis points	5.74%
Interest expense on proposed credit facility	<u>22,960,000</u>
Less:	
Proceeds used to repay short-term debt (CP) outstanding at 9/30/06	118,600,000
Interest rate on current CP outstanding at 9/30/06	5.33%
Interest expense on current CP outstanding	<u>6,321,380</u>
Net increase in interest expense	<u>\$ 16,638,620</u>
Income tax decrease:	
\$16,638,620 * 38.25% (composite rate)	<u>\$ 6,364,272</u>

- (f) Represents the amortization over five years of estimated debt expense and the related income tax effects from the new debt issuance described in (a).

Debt issuance expense	
\$650,000 / 5 years	<u>\$ 130,000</u>
Income tax decrease	
\$130,000 * 38.25%	<u>\$ 49,725</u>

- (g) Represents the interest expense and the related income tax effects resulting from the issuance of additional long-term debt at current 3 month LIBOR plus 37 basis points outstanding for twelve months. Calculations are as follows:

Proposed SCFC Credit Facility	\$ 250,000,000
Interest rate at current 3 month LIBOR plus 37 basis points	5.74%
Interest expense on proposed credit facility	<u>14,350,000</u>
Less:	
Proceeds used to repay short-term debt (CP) outstanding at 9/30/06	107,112,000
Interest rate on current CP outstanding at 9/30/06	5.32%
Interest expense on current CP outstanding	<u>5,698,358</u>
Net increase in interest expense	<u>\$ 8,651,642</u>
Income tax decrease:	
\$8,651,642 * 38.25%	<u>\$ 3,309,253</u>

- (h) Represents the amortization over five years of estimated debt expense and the related income tax effects from the new debt issuance described in (c).

Debt issuance expense	
\$400,000 / 5 years	<u>\$ 80,000</u>
Income tax decrease	
\$80,000 * 38.25%	<u>\$ 30,600</u>

Note: Debt issuance costs in notes (a) and (c) aggregate to \$1,050,000, which is the maximum described in Item C(ii) of the Application.